

Chairman Latta—Opening Statement
“Review of Emerging Tech’s Impact
on Retail Operations and Logistics”
Subcommittee on Digital Commerce and Consumer Protection

March 7, 2018

(As prepared for delivery)

Good morning. I would like to welcome to our witnesses for today’s hearing on “Emerging Tech’s Impact on Retail Operations and Logistics.”

Thank you for being here to help us examine how e-commerce has changed the face of retail, and how both e-commerce and retail operations are responding in a world where technology, innovation and consumer expectations are constantly evolving.

Today, U.S. consumers demand the speed and convenience of getting what they want, when and where they want it - including:

- ordering from their phones and picking up in-store;
- varied payment options; and,
- different delivery choices – including free shipping.

This was evident during the 2017 holiday season, as 51 percent of last-minute shoppers said they’d planned to purchase their gifts online.

E-commerce and catalog sales increased 12.3 percent during the holiday, accounting for 16 percent of all goods sold.

In 2017, eighty percent of shoppers made more than four to seven online purchases in the typical three-month timeframe.

As online shopping continues to gain in popularity and acceptance as in-store shopping, we want to understand how a consumer’s decisions

impact not only the e-commerce and retail companies, but also supply chain and delivery channels, particularly residential last-mile.

This past holiday season, it struck me how massive the challenge of getting millions of packages processed and shipped to shoppers once they clicked “BUY NOW.”

How are purchases able to be delivered to my home in Ohio, or to family members or friends across the country in two days’ time or less, often without additional shipping charges?

If I was in a hurry, I might be able to take advantage of same-day delivery with the help of new last-mile and independent contractor options, like Insta-cart or Cargo-matic.

When parcel deliveries encounter bad weather and delays, or are misrouted or misplaced, what impact does that have on e-commerce shippers and ordinary shoppers like me? Have the current tracking tools helped give consumers more information about their orders?

Then there is the whole question of returns. What happens to a purchased item that is returned? When it enters the reverse supply chain for restocking, is it sold on the secondary market, donated to charity, or discarded? I’m sure this varies among companies, but I’m interested from hearing from our witnesses about their return processes.

This hearing is part of this Subcommittee’s ongoing effort to explore how the Internet and advanced technology impacts our lives, jobs, and economy. Ohio is already home to some of the most highly regarded e-commerce fulfillment and shipping facilities in the country. Many retailers and e-commerce companies have made the investment in fulfillment and shipping operations in my home State because of our outstanding workforce, Ohio’s transportation network, and the proximity to major population centers. Emerging innovations, such as premium

delivery, parcel locker boxes and drones, will surely challenge the future of the supply chain to provide higher performance to satisfy consumers.

The Internet and data have had a transformative effect on every industry in this committee's jurisdiction, for the better and also in presenting new challenges.

One of those challenges is consumer data security in the e-commerce landscape. As this Subcommittee has learned through numerous hearings on the subject – in exchange for efficiency and convenience, consumers provide companies with personal details, like their address and payment card information, to complete an order.

The reality is, that process is not going to change – I still need to tell the retailer where to deliver my new book after I pay for it. But continuing to improve security at all points of the supply chain is a critical goal that companies large and small need to be focused on.

There are many interesting elements to this conversation about how new technology is changing how consumers shop and the package delivery system. I look forward to hearing from our witnesses about their experience with this transformation.